

IHC Health Services, Inc.

Included is unaudited consolidated financial and operating information of IHC Health Services, Inc. as of and for the three months ended March 31, 2019. The internally prepared consolidated financial information, although unaudited, does, in the opinion of management, include all normal recurring adjustments necessary to fairly summarize the results of operations for the periods presented. Results of operations for the three months ended March 31, 2019 are not necessarily indicative of the results that may be achieved for the fiscal year ending December 31, 2019.

The information contained in this document speaks only for the period and as of the date stated therein and shall not under any circumstances create any implication that there has been no change since the date of such information.

IHC Health Services, Inc.
Consolidated Balance Sheets (Unaudited)
(In Millions)

	March 31 2019	December 31 2018
Assets		
Current assets:		
Cash and equivalents	\$ 120	\$ 658
Assets limited as to use	1,384	1,005
Accounts receivable	900	792
Inventory	155	176
Due from brokers for securities sold	310	238
Other current assets	181	143
Total current assets	3,050	3,012
Assets limited as to use	5,934	5,054
Property and equipment, net	3,332	3,308
Other assets	353	194
Total assets	\$ 12,669	\$ 11,568
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 404	\$ 401
Compensation and related liabilities	300	324
Due to brokers for securities purchased	803	429
Other current liabilities	174	138
Securities held for affiliate	124	119
Current portion of long-term debt	32	32
Long-term debt subject to short-term remarketing arrangements	457	457
Total current liabilities	2,294	1,900
Pension liability	265	235
Long-term debt	1,890	1,895
Other liabilities	644	464
Net assets:		
Without donor restrictions	7,335	6,836
With donor restrictions	241	238
	7,576	7,074
Total liabilities and net assets	\$ 12,669	\$ 11,568

IHC Health Services, Inc.

Consolidated Statements of Operations and Changes in Net Assets (Unaudited)

(In Millions)

	Three Months Ended March 31	
	2019	2018
Revenues		
Net patient services	\$ 1,505	\$ 1,396
Other revenues	131	108
	<u>1,636</u>	<u>1,504</u>
Expenses		
Employee compensation and benefits	766	752
Supplies	366	325
Other operating expenses	238	182
	<u>1,370</u>	<u>1,259</u>
Earnings before interest, depreciation and amortization	266	245
Depreciation and amortization	89	82
Interest	19	12
	<u>108</u>	<u>94</u>
Net operating income	158	151
Nonoperating income (loss)		
Investment income	343	2
Loss from nonoperating affiliates	(8)	(2)
	<u>335</u>	<u>—</u>
Excess of revenues over expenses	<u>\$ 493</u>	<u>\$ 151</u>

(continued)

IHC Health Services, Inc.

Consolidated Statements of Operations and Changes in Net Assets (Unaudited)

(In Millions)

	Three Months Ended	
	March 31	
	2019	2018
Net assets without donor restrictions		
Excess of revenues over expenses	\$ 493	\$ 151
Change in net unrealized investment gains on other-than-trading securities	5	20
Other	1	5
Increase in net assets without donor restrictions	<u>499</u>	<u>176</u>
Net assets with donor restrictions		
Contributions	5	6
Investment income	2	—
Net assets released from restrictions and other	(4)	(4)
Increase in net assets with donor restrictions	<u>3</u>	<u>2</u>
Increase in net assets	502	178
Net assets at beginning of period	<u>7,074</u>	<u>6,756</u>
Net assets at end of period	<u><u>\$ 7,576</u></u>	<u><u>\$ 6,934</u></u>

IHC Health Services, Inc.
Consolidated Statements of Cash Flows (Unaudited)
(In Millions)

	Three Months Ended	
	March 31	
	2019	2018
Operating activities		
Cash received from patient services	\$ 1,365	\$ 1,325
Other receipts from operations	135	105
Interest and dividends received	17	12
Cash paid for employee compensation and benefits	(765)	(752)
Cash paid for supplies and other operating expenses	(602)	(543)
Interest paid	(6)	(6)
Net cash provided by operating activities	144	141
Investing activities		
Purchases of property and equipment	(114)	(139)
Assets limited as to use:		
Net decrease (increase) in cash investments	(423)	65
Purchases of investments	(365)	(258)
Sales and maturities of investments	286	189
Net purchases of trading securities	(73)	(26)
Net cash provided (used) by nonoperating affiliates	5	(1)
Net cash used in investing activities	(684)	(170)
Financing activity		
Restricted contributions and other	2	12
Net decrease in cash and equivalents	(538)	(17)
Cash and equivalents at beginning of period	658	165
Cash and equivalents at end of period	\$ 120	\$ 148

IHC Health Services, Inc.
Operating Statistics

	Three Months Ended March 31	
	2019	2018
Number of System Hospitals ⁽¹⁾	23	22
Number of Licensed Acute Care Beds	2,849	2,757
Number of Staffed Acute Care Beds	2,727	2,631
Inpatient Admissions	35,683	35,261
Inpatient Days	138,574	135,057
Average Length of Stay (Days)	3.9	3.8
Overall Occupancy (Staffed)	56.5%	57.0%
Outpatient Ancillary Revenues ⁽²⁾	57.4%	55.5%

⁽¹⁾ Includes Garfield Memorial Hospital, a managed facility; all other statistics represent owned facilities only.

⁽²⁾ Expressed as a percentage of gross patient services revenues.